



ANNUAL REPORT 2008/9

**MFOLOZI / MBONAMBI
MUNICIPALITY**

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2008/2009

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TRC: 24/4/6/41
CPT9004/MHINKOSI

ENQ: (035) 580 1421

MBONAMBI MUNICIPALITY (KZ281)

19 November 2009

THE AUDITOR GENERAL OF SOUTH AFRICA
Private Bag x 04
Overport
4001

Dear Sir / Madam

RE: MBONAMBI MUNICIPALITY DRAFT ANNUAL REPORT 2008/09

I wish to inform you that Council during its meeting, held on 19 November 2009,
Item (MBM: 01132) resolved to:

Note and adopt the Mbonambi Municipality Draft Annual Report 2008/09 subject to
changes to be effected in the final report in January 2010.

I hope you will find the above in order.

Yours faithfully

MH NKOSI
MUNICIPAL MANAGER

ANNUAL REPORT DRAFT



2008/9

**ADVERTISEMENT FOR
PUBLIC PERUSAL FOR
MEDIA PLACEMENT AFTER
APPROVAL OF DRAFT
BY COUNCIL**



2008/9

Mfolozi Local Authority Municipality (previously Mbonambi Municipality)

To Whom it may Concern

It is a requirement of the empowering legislation relating to Local Municipal Authorities that the general public be informed of the structure and the operations of a local authority.

With this in mind the Mfolozi Municipality has advertised that its Financial Statements as well as the Mayor's Foreword and the Municipal Manager's Review of the 2009/2010 Annual Report can be viewed at our Municipal offices at 25 Bredelia Street, KwaMbonambi, during the week of.... to....November 2009.

Included in the tabled documents are the municipality's Management Performance reports which give interested parties an idea of the scope of the work done in the period under review.

Organograms also show the staff reporting and operating structures.

Performance reports are considered by Council and are an essential element in emphasising the transparent nature of our administration.

The Municipality have not yet received the comments of the Auditor General on these submissions and they will in due course be included in the Annual Report.

COUNCILLOR LISTING



2008/9

KZ 281 (MBONAMBI)

COUNCILLOR DETAILS



| NAME | PARTY | SEAT | POSTAL ADDRESS | DESIGNA TION | HOME PHONE | WORK PHONE | FAX | CELL PHONE |
|---------------------------------|-------|------|-------------------------------------|-----------------|----------------|----------------|-----|------------------------------|
| TE MHLONGO 610623 0542 085 | IFP | W1 | P O BOX 8127 EMPANGENI RAIL 3910 | | (035) 753-2465 | | | 082 728 8211 |
| MC HLONGWANA 69111 25381 089 | ANC | W2 | P O BOX 5887 RICHARDS BAY, 3900 | | | (035) 789-0076 | | 083 359 7118 |
| N KHUMALO 640713 5396 084 | ANC | W3 | PO BOX 10974 MEERENSEE, 3901 | | | | | 083 558 2307 073 436 6848 |
| MJ MASANGO 530331 5390 081 | IFP | W4 | PO BOX 674 KWAMBONAMBI, 3915 | | | (035) 580-9083 | | 082 801 0165 |
| GGG MTHETHWA 750811 0754 087 | ANC | W5 | P O BOX 5905 RICHARDS BAY 3900 | EXCO | | | | 083 540 2427 |
| ZD MFUSI 670225 5432 085 | ANC | W6 | P O BOX 10764 MEERENSEE 3901 | | | | | 083 944 8737 078 448 7427 |
| JM ZULU 600514 5291 087 | IFP | W7 | P O BOX 7471 EMPANGENI RAIL 3910 | SPEAKER | | | | 083 632 1049 |

| NAME | PARTY | SEAT | POSTAL ADDRESS | DESIG- NATION | HOME PHONE | WORK PHONE | FAX | CELL PHONE |
|------------------------------------|-------|------|----------------------------------|------------------|---------------|---------------|-----|------------------------------|
| TM BIYELA 660730 5386 084 | IFP | W8 | P O BOX 214 KWAMBONAMBI 3915 | DEPUTY MAYOR | (035)580-9127 | | | 083 544 2922 |
| FPB MPUNGOSE 580223 5826 082 | IFP | W9 | P O BOX 2494 KWAMBONAMBI 3915 | EXCO | (035)580-9792 | | | 083 695 0038 |
| JM MATHABA 601225 55907 080 | IFP | W10 | P O BOX 70043 EMPANGENI 3880 | | | | | 083 340 8085 |
| M MTETWA 530304 5247 080 | IFP | W11 | P O BOX 739 KWAMBONAMBI 3915 | | | | | 072 900 0855 |
| MM MBAMBO 550307 5562 080 | IFP | W12 | P O BOX 1154 KWAMBONAMBI 3915 | | | | | 073 312 2627 083 639 1084 |
| JM NDI MANDE 590731 5443 086 | IFP | W13 | P O BOX 84636 EMPANGENI 3880 | | | | | 073 532 9974 073 583 9974 |
| ME MTHETHWA 560320 5674 084 | IFP | PR | P O BOX 227 KWAMBONAMBI 3915 | MAYOR | | | | 083 640 9544 |
| P MTHIYANE 770202 5354 089 | IFP | PR | P O BOX 113 KWAMBONAMBI 3915 | | | | | 083 727 8128 |
| MMS MTHETHWA 490129 5579 085 | IFP | PR | P O BOX 144 KWAMBONAMBI 3915 | | | | | 073 331 0408 |

| NAME | PART Y | SEA T | POSTA DDRESS | DESIG NATIO N | HOME PHONE | RK PHONE | FAX | CELL PHONE |
|-----------------------------------|-----------|----------|--------------------------------------|---------------------|---------------|---------------|--------------|-----------------------------|
| MX BHENGU 740910 5565 085 | IFP | PR | P O BOX 334 KWAMBONAMBI 3915 | | | | (035)7725004 | 083 5108060 |
| ES MTHETHWA 581224 0995 087 | IFP | PR | P O BOX 102536 MEERENSEE 3901 | | | | | 078 5672699 |
| BT MTHETHWA 570819 5776 086 | ANC | PR | P O BOX 9800 KWAMBONAMBI 3915 | | | (035)580-9115 | | 083 685 2826 |
| HFN MASINGI 660831 0403 088 | ANC | PR | PO BOX 584 KWAMBONAMBI, 3915 | | | | | 071 929 4122 |
| BT MNQAYI 570104 6058 085 | ANC | PR | P.O. BOX 2258 RICHARDS BAY, 3900 | EXCO | | | | 082 483 9896 |
| ME NTSHANGASE 441112 20307 082 | ANC | PR | PO BOX 730 KWAMBONAMBI, 3880 | | | | | 078 201 3253 083 6439942 |
| FZ MKHWANAZI 561129 5441 082 | ANC | PR | P O BOX 730 KWAMBONAMBI 3915 | | | | | 072 514 0128 |
| NF MKHABELA 690706 0266 087 | DA | PR | P O BOX 102536 MEERENSEE 3901 | | | | | 073 395 8795 |
| TS GUMEDE 640203 5533 084 | IFP | PR | P.O. BOX 8038 EMPANGENI RAIL 3910 | | | | | 076 091 1829 |

NUMBER OF COUNCILLORS : 25

WARD COUNCILLORS : 13

IFP : 15

ANC : 9

DA : 1

**MUNICIPAL MANAGER'S
COVERING LETTER TO MAYOR
HANDING HIM THE REPORT**



2008/9

MUNICIPAL MANAGER'S PRESENTATION TO MAYOR

It is my pleasure to present the Mayor Cllr. M E Mthethwa the 2008-2009 Annual Report of the Mfolozi (Formerly Mbonambi) local Authority.

This document is in accordance with legislative prescripts and includes the following documents:

The Municipality's Annual Financial Statements for the year under review in terms of Section 126 (1) of the Local Government Municipal Finance Management Act.

The Annual Performance Report in terms of Section 46 of the Local Government Municipal System Act.

The Auditor General's Audit Report in terms of Section 45 (b) of the Local Government Municipal Systems Act will be published in January 2010 as audited.

The Auditor General's Report on Financial Statements in Terms of Section 126 (3) Local Government Municipal Finance Management Act.

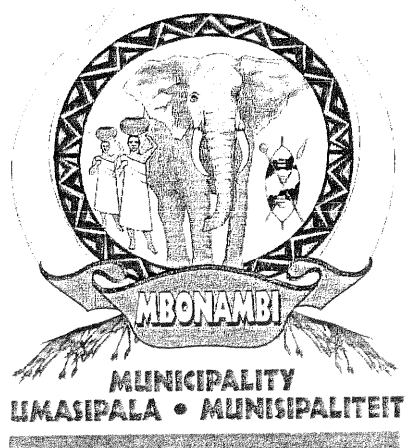
Reponses to issues raised by Auditor General's Report.

This Annual Report also reflects the IDP priorities for the 2008-2009 financial year.

MANDLA NKOSI

MUNICIPAL MANAGER

MUNICIPAL MANAGER'S GENERAL OVERVIEW



2008/9

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Municipal Manager's General Overview

By Mandla Nkosi
Municipal Manager

Readers will note that our Annual Report for the financial year under review focuses on the essential elements required by the Acts of Parliament, which empower local authorities.

Our Council has in the past commented on the often difficult position of the new, smaller local authorities which were launched in 2000 at the start of the new development era in municipal government.

In common with most smaller municipalities we too have a relatively small tax base and cannot rest on our laurels while tax revenues flow in.

We therefore have to initiate whole new areas of endeavour to obtain funding to launch improvements and extensions as well as new projects and to continue with implementing our Integrated Development plans. These include youth summits, women's days, active responses to campaigns relating to health issues and to the disabled and all this costs money.

We have long said that while we are grateful to the national and provincial governments for their financial support we as a developmental local authority cannot fulfill all our obligations towards our residents unless there is a far more generous flow of funds.

In this publication readers will find more detailed information on a number of projects running into projected billions of rand in investment in the Mfolozi area.

As a local authority we have always actively participated in marketing the potential of the area as a magnet for tourists, as an investment site, as a prime and peaceful residential area and as being close to the fastest developing area in South Africa.

On the one hand certain investors and developers want to be as close to the import and export facilities the local port has to offer, while on the other certain industries particularly those producing chemical products find themselves in Richards Bay in an environment which no longer actively welcomes yet more chemical producing industries.

We continue to actively promote our municipality and its environs all over the world as a premier investment area for both light and heavier industries and to this end we have specialist communications to reach out to both local and overseas investors.

We are particularly proud of our responsiveness to incorporating new information into our IDP planning and our ability to adapt to changing circumstances.

Of note is our Council's responsiveness to comments received from many interested groups in the assessments of our IDP reviews.

Our whole IDP process is of course based on the essential participatory model, which outlines strategic goals in an implementation orientated way so that our residents readily identify their needs in the projection of our plans.

The major community needs are water, electricity, sanitation, poverty alleviation and health issues and adequate housing while crèches, road signage, community gardens, transport and agricultural issues to name but a few, run like silver threads through all public discussions.

Lately the municipality and the Council have been drawn into the controversies surrounding both land claims and unemployment issues, particularly where residents seek permission to hold perfectly legal marches to express their concerns.

It must be clearly emphasized that our laws and our Constitution make provision for such expressions of opinion in a very public manner and while we are satisfied that marches will take place within the parameters of what is legal and permissible, such expressions of opinion will not be curtailed by administrative actions from our side.

However, where the bounds of propriety are transgressed by protesters, where public or private property is threatened, where individuals are threatened or harassed, this will not be permitted.

At the same time Councillors do all in their power to encourage and develop employment opportunities and to apply strict policies that local public works employ local contractors and local labor.

This will definitely be the case also with regard to the N2 interchange development which kicks off in 2010.

The Auditor General commented last year on some weak areas regarding our financial management systems.

I am happy to report that our remedial actions taken over the last year in this regard are bearing fruit.

In the first instance we have taken a far more cautious approach to our spending under all approved budgets.

Our turnabout strategies have included:

- Re-establishing the administration as a going concern
- Monitoring every expenditure
- Sharpening up financial reporting
- Restricting all overtime
- Putting consultants' services on hold

- Reviewing all contracts and prioritizing work
- Discussing arrangements for payment with creditors
- Staggering payments to creditors to coincide with receipts of equitable share payments
- Training staff to a sharper awareness of the turnabout plan
- Categorising debtors between business and residential
- Differentiating between critical and other expenditure
- Reviewing all financial policies

Fortunately in this regard the private accounting firms, the Auditor-General's Office, Province and institutions like the Development Bank of Southern Africa which have been assisting us in implementing the turnabout strategies have been generous in their support and excellent advice.

Their creative suggestions and interventions worked well by augmenting the capacities of our financial department.

In these actions resources were deployed to Mfolozi Municipality and task teams were launched under a Project Steering Committee.

In terms of these Municipal Support Programmes the assisting agency provided not only expert on-site staff, but also funded their expenses and other relevant costs.

Such teams reported on a regular basis to the MEC for Finance.

These interventions had as their main objectives:

- improving the financial control systems;
- improving the keeping of records;
- revisiting our policies, procedures and delegations of authority; and
- enforcing good governance in supply chain practices and improving our invoicing systems, to name but a few instances where we have received well-intentioned comment from the Office of the Auditor General.

I would like to thank our Councillors for their consistent cooperation, their commitment to the welfare of our residents and to thank them particularly for placing Mbonambi's general welfare and progress above party political considerations in their discussions of the common goals of our people.

Etc etc etc

MAYOR'S FOREWORD



2008/9

Mayor's Review
Mbonambi Municipality

By Mayor ME Mthethwa

I have always believed passionately in service delivery and although Mfolozi is one of the smaller local authorities we believe that our service delivery has been among the best in the province.

Certainly as far as the elimination of the slum conditions in our area is concerned we have received national recognition for our housing efforts in this regard and are intent on never allowing such conditions to take hold again.

I can do no better in cataloging service delivery actions than by briefly listing them over the past years and also by referring readers to the detailed financial statements in this report.

Poverty alleviation and slums clearance

Poverty alleviation in this area with its chronic unemployment has been addressed through the establishment of co-operatives and clubs, the members of which have been trained and funded by our Local Economic Development function.

A large local employer Richards Bay Minerals has continued its sterling work as a member of our Public/Private partnership by together with other independent bodies training local residents in organic farming methods, particularly with regard to severe drought conditions.

The highly unpopular Property Rates Act which we implemented with great circumspection and after much public debate with commercial farmers, tribal authorities and local residents has been implemented and will in the future no doubt serve its intended purpose of strengthening the foundations of our future service delivery actions.

Our street electrification programme in KwaMbonambi has been a great success and residents have reported that they feel far safer now when venturing out at night, than before the lights were put in place.

There have been road upgrades, complete with drainage systems.

In Mbonambi New Town more than 500 homes have been constructed, complete with lights, water and the greening of the town.

Anyone who experienced the truly terrible conditions of the sprawling old slum cannot help but be impressed with what was done in a relatively short time in this new township and for which Mbonambi won the Govan Mbeki Award in a previous review period.

Situated adjacent to the busy N2 the new town is an example to all of South Africa of what can be done where there is a will and a way to improve the lot of less fortunate individuals.

The New Town has also drastically improved the health of the town's residents, cut down on opportunistic crime and in every way stands as a monument to good government and true service delivery.

Fires

In the past Mbonambi Municipality was frequently ravaged by devastating fires with frequent loss of life. While these unhappy occurrences were often a corollary of life in a slum, they were exacerbated by the lack of organized municipal Transport and Fire services.

These are now up and running and are the pride of the Municipality. The presence of the Traffic department which patrols the N2 is a source of both income to the municipality as well as a deterrent to the often unsafe driving which characterizes our major roads at certain times of the year.

It is a catalogued fact that the presence of our Traffic department has reduced fatal accidents on the stretch of road under its expert surveillance.

Needs of Youth

It is no mean achievement that more than lip service has been given to the needs of the youth in our area. Mbonambi Municipality will be remembered as one of the first local authorities in KZN to recognize articulate the needs and desires of the local youth by organizing Youth Summits featuring nationally known figures to inspire our young people and to help them discover creative new opportunities in the midst of the unemployment which characterizes this area.

Youth activities also cover their sporting and health needs as well as the emotional barriers they have to cross to reach a fulfilled adulthood.

A most promising feature of engaging youth in this manner has been their positive response and the wealth of ideas, which they have themselves generated in their own interest.

Regular sports events are now a feature in all the municipal wards.

Investments and projects

The Moya Mara Project has been identified for attracting a multitude of economic interests to KwaMbonambi. This involves a commercial centre,

together with Tourism and Cultural hubs, which will not only advertise these possibilities in the region but can also create employment opportunities.

The ambitious, multi-million rand plans for developing a truly magnificent commercial centre at the N2 intersection will be implemented as from early in 2010 and where we are looking at a total investment of about R250-million.

I am proud to mention other multi-million rand projects which received our increasing attention in the year under review.

These are:

- Umbani Power (R8-billion) for completion in 2015
- Alflurco Plant (R1,5-billion) for completion 2011
- Mbonambi Cultural Village (R20-million) for completion 2011
- Mapelane Tourism (R30-million) for completion 2034
- Cwaka Lodge (R25-million) for completion 2013

It has been a long-identified need that pensioners needed pay points at Nzalabantu, Welawela, Dondotha, Mmqagayi and Phatane and Sizanani. Community halls have been built at Nhlanzini, Khenani, Makhwezini, and Cingci, as well as in the Bhuhubhu and Shwashweni areas and Tshingimpisi.

There have been needs identified over the years for crèches in Sbululwane, Holinyoka and Cwaka and I'm very happy to report that these too have now been built.

These community based needs were met at costs in excess of tens of millions of rands accessed through Municipal Infrastructure Grants. It is well known that the Uthungulu District Municipality bears the heavy responsibility for planning for the water supply needs in its constituent municipalities.

This planning is done in conjunction with the local municipalities, which usually define, assess and prioritize the local needs before requesting the District engineers to start work on the water projects.

Over the past years we have also placed a large number of green plastic water tanks in a number of areas where critical water shortages exist. It is one of the tasks of a local authority to assess the electricity needs of its residents and to make representations to the national supplier—Eskom—in this regard.

I am proud to say that we played a major role in calling on Eskom to electrify homes in most areas in Sokhulu, Mbonambi and Mhlana in this regard.

Naturally when we undertook this task we resolved many difficulties faced by local residents but at the same time experienced the great

satisfaction of successfully negotiating some difficult matters on behalf of our needy residents.

Of course the crime wave has not spared our communities but with the cooperation of the South African Police Services and with the successful launch of a number of community policing forums in our wards we were able to send criminals a strong message that Mbonambi is not to be trifled with.

I'm also proud to be able to announce that Mbonambi has become a popular venue for visits by national and provincial legislators. While they are here we take the opportunity to give them tours of our projects and also to show them our informative DVD and take time discussing with them issues of the day.

Finally I would like to re-emphasise that service delivery in a local authority depends on the extent of co-operation which exists between the political parties represented in the Council.

We have our differences of opinion but at the end of the day the needs of our residents far outweigh any differences we may have in resolving their problems.

It is a constitutional fact that at a local level we are constrained to conduct our local politics according to party political lines.

Experience however daily shows that people who need water, jobs, sanitation, education, housing and schools as well as plain human dignity don't have the time to afford the luxury of long debates about philosophy and high policy.

Our commitment in Mbonambi is to those people.

I would like to thank God for giving us all the strength to face the task of working for them for the good of all concerned.

In doing this I also call upon all spheres of government to keep their promises to the people, to continue to fight crippling corruption and to bravely face the challenges posed to us in this wonderful part of our great country.